United Nations A/AC.109/2012/4

General Assembly

Distr.: General
9 February 2012

Original: English

Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples

Bermuda

Working paper prepared by the Secretariat

Contents

		Page
	The Territory at a glance	3
I.	Constitutional, legal and political issues	4
II.	Budget	5
III.	Economic conditions	5
	A. General	5
	B. Financial services	6
	C. Tourism	6
	D. Construction	6
	E. Transport and communications	7
IV.	Social conditions	7
	A. General	7
	B. Labour	8
	C. Education	8

Note: The information contained in the present paper has been derived from public sources, including those of the territorial Government and from information transmitted to the Secretary-General by the administering Power under Article 73 *e* of the Charter of the United Nations. Information was transmitted by the administering Power on 11 January 2012. Further details are contained in previous working papers available from www.un.org/en/decolonization/workingpapers.shtml.

12-22943 (E) 230212

Please recycle

D. Health 8
E. Crime and public safety 9
F. Human rights and related issues 10
V. Environment 10
VI. Military issues 10
VII. Relations with international organizations and partners 11
VIII. Future status of the Territory 11
A. Position of the territorial Government 11
B. Position of the administering Power 11
C. Action taken by the General Assembly 12

The Territory at a glance

Territory: Bermuda is a Non-Self-Governing Territory under the Charter administered by the United Kingdom of Great Britain and Northern Ireland.

Representative of administering Power: Governor Sir Richard Gozney (December 2007-2012)

Geography: Bermuda is located in the western part of the Atlantic Ocean, approximately 917 km east of the nearest continental shore, the North Carolina coast of the United States of America. It consists of 8 major and 130 smaller islands.

Land area: 57 km^2

Exclusive economic zone: 450,370 km^2[a]

Population: 64,237 (2010 census)

Ethnic composition: Approximately 54 per cent black and 31 per cent white, with an estimated 21 per cent mixed and other races

Language: English

Capital: Hamilton

Head of territorial Government: Premier Paula Cox

Main political parties: Progressive Labour Party; One Bermuda Alliance

Elections: Last — December 2010; next — February 2013

Legislature: Bicameral legislature, comprising a Senate of 11 members appointed by the Governor (three at his/her discretion, five on the advice of the Premier, three on the advice of the leader of the opposition) and a 36-member House of Assembly, elected in 36 constituencies for a five-year term

Gross domestic product per capita: US$ 69,900 (ranks among the highest in the world)

Economy: Financial services, tourism

Main trading partners: United States of America, Republic of Korea, Spain, India and Brazil

Unemployment rate: 6 per cent (2010)

Monetary unit: Bermuda dollar, pegged at parity with the United States dollar.

History in brief: Bermuda was discovered in 1505 by the Spanish explorer Juan de Bermudez, and by 1510 was referred to as "La Bermuda". It remained uninhabited until 1609, when British settlers on their way to Virginia were shipwrecked on one of the reefs. In 1612, King James I extended the charter of the Virginia Company to include Bermuda. In 1684, the company's charter was annulled, and government passed to the British crown.

[a] Exclusive economic zone data from the "Sea around Us Project", a collaboration between the University of British Columbia and the Pew Environment Group (see www.seaaroundus.org).

I. Constitutional, legal and political issues

1. The 1968 Constitution of Bermuda was amended on five occasions, the last one being in 2003. The Constitution gives the Territory almost full internal self-government, leaving the United Kingdom with a minimum number of constitutional controls. Under the Constitution, the Governor (and Commander-in-Chief) is appointed by the British crown, after consultations with the Territory's Premier. The Governor is responsible for defence, external affairs, internal security and the police.

2. The Territory has a parliamentary system of government, comprising a Governor, a Deputy Governor, a Cabinet and a bicameral legislature, with a House of Assembly of 36 members directly elected for a five-year term and a Senate of 11 appointed members. Five members of the Senate are appointed by the Governor on the advice of the Premier, three on the advice of the leader of the opposition and three by the Governor at his or her discretion. The Governor appoints as Premier the member of the 36-seat House of Assembly who appears to be best able to command the confidence of a majority of the members of that House. The Premier heads a Cabinet that may not comprise more than 14 members of the legislature.

3. Bermuda's law and legal system are based on English common law and principles of equity, English statute law (in force since 1612) and acts of the Bermuda Parliament passed since then. The judiciary is a separate body from the Government, and its members are appointed on the advice of the Chief Justice. There are three courts: the Magistrates' Court, the Supreme Court and the Court of Appeal. The British Overseas Territories Act 2002 provides for the conferral of British citizenship on "British overseas territory citizens".

4. Voters in the general elections or referendums must be 18 years of age, Bermudian by birth or status, or non-Bermudian long-term residents and citizens of the British Commonwealth. The current Premier, Paula Cox, took office in October 2010, following her election as the leader of the governing Progressive Labour Party, after the outgoing Premier, Ewart Brown, stood down on completion of his four-year term as party leader.

5. In 1995, a referendum was held on the question of independence. Of the 58.8 per cent of eligible voters who participated, a small number by Bermudian standards, 73.6 per cent voted against independence. The then-opposition party, the Progressive Labour Party, had organized a boycott of the referendum among

supporters of independence, arguing that the issue should be resolved by general election.

6. While traditionally an important issue in Bermuda, the question of independence has not been as predominant in the recent political scene as in the past. A January 2011 unofficial opinion poll indicated that 73 per cent of people did not want to sever ties with the United Kingdom (up from 63 per cent in a similar 2007 poll). Reportedly, 14 per cent were in favour of independence (down from 25 per cent). The divide was also reflected along racial lines, with 86 per cent of whites opposing independence versus 64 per cent of blacks.

7. In its 2005 report, the Bermuda Independence Commission noted that the racial question had been an ever-present feature of the Bermudian social, economic and political landscape throughout Bermuda's history. Racial divisions in Bermuda have, in significant measure, played out in support for, or opposition to, independence and the method to be used to ascertain the wishes of the population. The ruling Progressive Labour Party wished the issue of independence settled in the context of an election, while the United Bermuda Party favoured a referendum. The Bermuda Independence Commission concluded that it was incumbent upon both political parties to share the merits of each method.

8. In January 2012, the Premier stated in remarks to the media that "We do not have the legitimate authority to try and make Bermuda independent without the people's buy-in". With respect to independence, she said that the territorial Government did not operate by stealth.

II. Budget

9. Bermuda's fiscal year begins in April. In presenting the 2011/12 budget, the Bermuda Government announced that its funding priorities would focus on education, health, youth and families, fighting crime, infrastructure and human development, preserving public-sector jobs and improving Government and poverty-reducing strategies. Total projected expenditures amounted to $1.2 billion and projected revenue to $940 million. The 2011/12 budget combined public spending reductions with a payroll tax rollback of two percentage points. The Territory's tax exemption legislation was extended to 2035.

10. According to the December 2011 report entitled "Global Corporate Taxation and Resources for Quality Public Services", issued by the Education International Research Institute on behalf of the Council of Global Unions, Bermuda is a jurisdiction with no individual or corporate income tax. In 2011, Bermuda and South Africa signed a bilateral tax information exchange agreement.

III. Economic conditions

A. General

11. The economy of Bermuda is based primarily on the provision of financial services for international business and on tourism. The industrial sector is small, although construction continues to be an important feature. Agriculture is limited, as only approximately 20 per cent of the land is arable.

12. The estimated gross domestic product (GDP) of the Territory for 2010 was $5.7 billion. According to the Economist Intelligence Unit, the estimated GDP for 2011 was $6.2 billion. As part of the Government's efforts to support a shrinking economy, the Governor announced several initiatives to sustain jobs and economic growth in the November 2011 Speech from the Throne.

13. Bermuda does not have a central bank. The peg to the United States dollar is managed by commercial banks meeting supply and demand at the one-to-one rate. The banks, rather than the Bermuda Monetary Authority, own the foreign exchange reserves of Bermuda.

B. Financial services

14. Bermuda is one of the world's leading offshore financial and business centres. It is also among the major jurisdictions worldwide in large-scale insurance and reinsurance. The Bermuda Monetary Authority is the integrated regulator of the financial service sector in Bermuda, which has the power to levy civil fines. According to the aforementioned report by the Education International Research Institute, corporations pay licence fees to operate in Bermuda.

15. As at 31 December 2010, there were 15,091 international companies registered in Bermuda. In 2011, over 624 new international companies and partnerships were registered, representing a 15.3 per cent increase over the previous years.

16. According to the Governor's Throne Speech of 4 November 2011, plans were under way to actively market Bermuda as a jurisdiction for Islamic finance, reaching out to countries in the Middle East.

C. Tourism

17. According to the Bermuda Government, over 585,000 travellers visited the Territory in 2010. They spent a total of $393 million, thus contributing more than 5 per cent of GDP. Approximately 9 per cent of Bermuda's workforce was directly employed in tourism. Almost 3,580 jobs were directly generated by tourism and over 2,000 people were employed in support jobs such as providing food supplies to hotels and restaurants.

18. The Ministry of Business Development and Tourism was established in 2010, with a view to leveraging synergies between tourism and international business. Its budget allocation for 2011/12 was approximately $40 million. A new Board of Tourism has been appointed and efforts are under way to recruit Bermudians into the hospitality industry.

D. Construction

19. According to the 2011 Throne Speech, the Territory is developing a national infrastructure strategy, the major component of which is the development of the waterfront in the city of Hamilton.

20. In 2011/12, $27 million was allocated to the capital maintenance and expansion of the Tynes Bay waste treatment facility, and $12 million to a variety of

small projects, including building upgrades, school maintenance and roadside works. An estimated $15 million was provided to fund the construction-related efforts of the Bermuda Housing Corporation.

E. Transport and communications

21. The Ministry of Transport was provided a budget of approximately $76 million for 2011/12. Bermuda has very high-standard transport and telecommunications sectors. With a network of about 225 kilometres of paved public roads and 400 kilometres of private roads, Bermuda has one of the highest road traffic densities in the world, with approximately 100 vehicles per kilometre. Restrictions on car ownership to one per household, coupled with a policy of allowing no rental cars, have resulted in the development of a well-utilized group transportation system. Free public transportation for resident students via bus and ferry continues to be available.

22. Numerous regular commercial flights connect Bermuda to a number of destinations in the United States and Canada. Bermuda has its own air and ship regulatory agencies. Both the Department of Civil Aviation and the Department of Maritime Administration maintain registries, which are considered to be as stringent as those of comparable agencies in the United Kingdom and the United States.

23. According to the United Kingdom, the international and domestic information and communications technology infrastructure of Bermuda is highly advanced and accessible to the entire population. The island has four international telecommunications service providers, three of which have their own transatlantic facilities, supplemented by satellite facilities for special services and emergency communications.

IV. Social conditions

A. General

24. While job creation remains the top priority of the Bermuda Government, its stimulus plan announced in the 2011 Throne Speech also addresses the needs of citizens in many other areas. These include the provision of support to persons experiencing hardship; legislation that addresses family issues; initiatives that benefit seniors; and measures in support of education, public safety and justice.

25. According to the United Kingdom, in 2011, Bermuda created a new Ministry of Youth, Families and Sports. Under the auspices of the successful "Mirrors Programme", the Ministry piloted a "Coaching for Success" initiative at two middle schools on the island for students aged 11 to 14 years, designed to provide guidance to young persons at an earlier age in order to prevent or divert potential inclinations towards dysfunctional behaviour. For 2011/12, the Ministry was provided a budget of approximately $66 million.

B. Labour

26. According to 2010 employment data, the total number of jobs in Bermuda decreased by 3.6 per cent, from 39,520 in 2009 to 38,097 in 2010. The non-Bermudian sector suffered a loss of 867 jobs while the Bermudian sector lost 542. According to the United Kingdom, a review of the racial composition of the workforce indicated that 53 per cent of the workforce is black, 32 per cent is white and 15 per cent is of mixed and other races. A disparity in earning power is apparent, since whites earn 134 per cent of the median wage, blacks 93 per cent and mixed and other races 87 per cent. The official unemployment rate for 2010 was 6 per cent, 7 per cent for men and 6 per cent for women. Based on information provided by the United Kingdom, unemployment was 8 per cent for blacks and 5 per cent for whites. Youth unemployment reached 16 per cent.

27. As reflected in the 2011 Throne Speech, the territorial Government took a number of measures to alleviate youth unemployment and to overhaul the Territory's immigration legislation, with particular emphasis on holders of permanent resident's certificates and the landholding market in respect of foreign buyers.

C. Education

28. The Ministry of Education was provided a budget of approximately $128 million for 2011/12 to achieve the objectives of a strategic plan for the Bermuda public school system to provide world-class education that met global standards and ensure that students reach their full potential. The literacy rate in the Territory is approximately 98 per cent for males and 99 per cent for females over 14 years of age. Education is compulsory for all children from 5 to 18 years of age. Approximately 58 per cent of Bermudian students of compulsory school-age attend free public schools. There are a number of private schools, including six that offer early primary education. These institutions receive no Government funding.

29. The Bermuda College is the Territory's main facility for tertiary education. In 2011, Bermuda instituted the first Bermuda-University of the West Indies scholarship to allow Bermudian students reductions on the full cost of tuition at that University.

D. Health

30. For 2011/12, the Ministry of Health was provided with a budget of $172 million. Bermuda has an ageing population and a low fertility rate. Life expectancy at birth is approximately 82.1 years for women and 76.7 years for men. Life expectancy among blacks is approximately four years less than for whites. FutureCare, a new Government-operated insurance plan for seniors, was opened to all seniors in 2011.

31. Chronic diseases continue to account for a disproportionate number of health challenges. (Heart disease, cancer and diabetes account for 60 per cent of deaths.) In 2010/11, the Ministry of Health conducted several wellness campaigns to mitigate these conditions. Road traffic fatalities were a significant public health threat, accounting for approximately 85 per cent of deaths in 16- to 24-year-olds and about 65 per cent of deaths in 25- to 44-year-olds.

32. According to the United Kingdom, since 1970, Bermuda has had a hybrid health financing system consisting of social health insurance, Government subsidies and private health insurance. The social health insurance component consists of a core package of standard hospital benefits. All insurers are mandated to offer this package to employed persons and their non-employed spouses. The Government subsidizes standard hospital benefits for young people, the indigent and the elderly. Insurance coverage is estimated at 94 per cent.

33. In 2011, the Ministry of Health released the National Health Plan: Bermuda Health System Reform Strategy. With a focus on equity and sustainability, the Plan aims to establish universal access to basic health coverage that is affordable while redefining the benefits to ensure coverage beyond hospitalization. In November 2011, task groups began developing policy options for implementation. It is projected that the Plan will be implemented over a seven-year period.

E. Crime and public safety

34. The Ministry of National Security is responsible for public safety and for strengthening the professional standards of the Bermuda Police Service, the Bermuda Regiment, and the Bermuda Fire and Rescue Service. The Police Service comprises approximately 470 officers and 70 active Reserves. Under the 2011/12 budget, approximately $66 million was allocated to the Police Service, as part of an overall estimated allocation of $144 million for the Ministry of National Security.

35. Media reports indicated that between 2009 and 2011, 12 people were shot dead and an additional 38 people were injured in gun-related attacks. In 2011, the Bermuda Government took measures, including passing the Proceeds of Crime Amendment Act 2011, to deal with illegal funds relating to drug and gun-related crimes. In addition, according to the territorial Government, during 2011/12, approximately $3 million will be invested in completing the installation of the X-ray scanner at the container port in Hamilton.

36. According to the United Kingdom, in 2011, legislation was passed to designate the Financial Intelligence Agency as the competent anti-money-laundering and anti-terrorism financing authority for compliance in relation to specified designated non-financial businesses and professions. In addition, amendments were made to existing legislation to extend the scope and relevant definitions of matters relating to money-laundering and terrorist financing, and to enhance the relevant powers of competent authorities. The Proceeds of Crime (Anti-Money Laundering and Anti-Terrorist Financing) Regulations 2008 were enacted, providing comprehensive requirements for industry to have appropriate systems and controls in place for "knowing their clients".

37. The Financial Action Task Force, an independent intergovernmental body that develops and promotes policies to protect the global financial system against money-laundering and terrorist financing, provides general background information on money-laundering with respect to Bermuda in its October 2010 report entitled "Money Laundering Using Trust and Company Service Providers". In addition, a 2011 World Bank staff report entitled "The Puppet Masters: How the Corrupt Use Legal Structures to Hide Stolen Assets and What to Do About It" presents information on grand corruption cases with respect to the Territory.

F. Human rights and related issues

38. The following major international human rights instruments apply in Bermuda: the European Convention on Human Rights; the International Covenant on Economic, Social and Cultural Rights; the International Covenant on Civil and Political Rights; the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment; the Convention on the Rights of the Child; and the International Convention on the Elimination of All Forms of Racial Discrimination.

39. According to the United Kingdom, in 2011, the Bermuda Government continued to review its position in relation to compliance with the Convention on the Elimination of All Forms of Discrimination against Women. The Commonwealth Secretariat provided expertise in the form of a consultant to review Bermuda's laws in respect of compliance with the Convention. In addition, the Bermuda Government is still considering options for adding sexual orientation to the 1981 Human Rights Act as a protected ground with respect to housing, employment and goods and services.

V. Environment

40. The Ministry of the Environment, Planning and Infrastructure Strategy was provided a budget of $14.2 million for 2011/12. Its functions are to lead Bermuda towards sustainability by protecting the island's natural and built environments.

41. According to the United Kingdom, Bermuda has clean air regulations containing emission standards that are on par with those in the United States and the European Union countries. Air quality is monitored daily through a partnership with a non-governmental scientific facility. Management of marine resources is a high priority for the Government of Bermuda.

42. Approximately 98 per cent of electric power is provided by a single private entity, which relies exclusively on fossil fuels to generate electricity. The remaining 2 per cent of Bermuda's electric power is provided by the Tynes Bay waste-to-energy plant, owned and operated by the Ministry of Public Works. Since 2010, the Department of Energy has been pursuing Bermuda's plan to move away from complete dependency on fossil fuels, and the electric utility company has initiated its plan to permit a limited number of private residents to produce electricity using photovoltaic equipment and to sell the electricity to the utility for distribution on the public grid.

43. For its part, in January 2012, the United Kingdom's Department for Environment, Food and Rural Affairs issued a paper entitled "The Environment in the United Kingdom's Overseas Territories: UK Government and Civil Society Support" on the advice and support available to the Territories in areas of its competency, and highlighted the availability of departmental funds for that purpose.

VI. Military issues

44. Bermuda maintains a defence regiment of some 600 soldiers, the Bermuda Regiment. In addition to part-time members, this figure includes some 140 "long-stay nucleus" and 30 full-time soldiers. The Territory's adult male population is

subject to conscription by ballot, involving approximately three years of part-time liability for weekly drills, as well as a 15-day annual camp. All soldiers are paid for their military service. According to the territorial Government, the Regiment cooperates on a regular basis with foreign Governments and militaries, including the Jamaica Defence Force, the United States Marine Corps and the Canadian military, and assists in disaster relief operations in other United Kingdom administered territories.

VII. Relations with international organizations and partners

45. Bermuda is an associate member of the Caribbean Community (CARICOM) and the Caribbean Common Market and a member of the Caribbean Financial Action Task Force set up to combat money-laundering. The Territory also participates in the Caribbean Conservation Corporation, the International Confederation of Free Trade Unions, the International Criminal Police Organization (INTERPOL) and the International Olympic Committee (IOC).

46. Bermuda is a member of the United Kingdom Overseas Territories. Upon the request of Bermuda, the Territory is not subject to the Overseas Association Decision implementing Part IV of the Treaty establishing the European Community. The arrangements for association with the European Union have never been applied to Bermuda, in accordance with the wishes of the territorial Government. Bermuda is, however, entitled to participate in the partnership meetings involving British Overseas Countries and Territories.

VIII. Future status of the Territory

A. Position of the territorial Government

47. Information regarding developments on the future status of Bermuda is reflected in section I above.

B. Position of the administering Power

48. According to the summary record of the 2nd meeting of the Fourth Committee of the General Assembly at its sixty-sixth session, held on 3 October 2011 (see A/C.4/66/SR.2), the representative of the United Kingdom said, inter alia, that the British Government's relationship with its Overseas Territories was a modern one based on partnership, shared values and the right of each Territory to determine whether it wished to remain linked to the United Kingdom or not. Where independence was an option and was the clear and constitutionally expressed wish of the people of a Territory, his Government would help that Territory to achieve it. Where a Territory wished to retain its link to the United Kingdom, his Government would remain committed to its future development and continued security.

49. The representative went on to say that the British Foreign Secretary had recently announced the Government's new strategy towards the Overseas Territories. The time was not right to embark on further constitutional change. Rather, his Government was focusing on three practical policy goals: to strengthen

interaction between the United Kingdom and its Territories; to work with the Territories to strengthen good governance, public financial management and economic planning where necessary; and to improve the support available to the Territories. The implementation of the new strategy would take different forms in each Territory, and a public consultation exercise had been launched in order to encourage the Territories and other stakeholders to input their views on priorities. The outcome of the exercise would inform the White Paper on the Territories that the British Government intended to publish in 2012. The British Government was committed to allowing each Territory to run its own affairs as far as possible, which entailed responsibilities and good governance on the part of the Territory. However, where high standards of probity and governance were not maintained, the United Kingdom did not hesitate to intervene.

C. Action taken by the General Assembly

50. On 9 December 2011, the General Assembly adopted without a vote resolutions 66/89 A and B, based on the report of the Special Committee transmitted to the General Assembly (A/66/23) and its subsequent consideration by the Fourth Committee. Section III of resolution 66/89 B concerns Bermuda, the operative part of which reads:

The General Assembly:

1. *Stresses* the importance of the 2005 report of the Bermuda Independence Commission, which provides a thorough examination of the facts surrounding independence, and continues to regret that the plans for public meetings and the presentation of a Green Paper to the House of Assembly followed by a White Paper outlining the policy proposals for an independent Bermuda have so far not materialized;

2. *Requests* the administering Power to assist the Territory by facilitating its work concerning public educational outreach efforts, consistent with Article 73 *b* of the Charter of the United Nations, and, in this regard, calls upon the relevant United Nations organizations to provide assistance to the Territory, if requested.